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ABSTRACT

This document is a report on audit findings on issues related to 1997 Kansas community college customized employee training courses. Twenty-eight community college customized employee training classes were reviewed in the audit. Findings showed that: (1) 16 of 19 community colleges provided customized employee training courses for college credit; (2) at least 82% of the courses were estimated to be offered at no cost to the requesting businesses; (3) customized training courses were taught at businesses, instructed by business experts, and used equipment supplied by the business; (4) companies would pay employees' tuition and the community colleges would pay rent for the facility space, instruction, and equipment; and (5) the colleges usually ended up paying much more in the agreements. The report states that such customized training courses lack clear and consistent structure resulting in the granting of college credit to courses that should not be classified in such a way. It also states that some of these courses were no more than on-the-job training and lacked a truly educational component. A majority of the audited community colleges also received additional state financial aid for credit classes, which, if reviewed more closely, would not have qualified for funding. Recommendations for overseeing and structuring customized training courses are included in the report. Appendices provide financial and other details on the audited courses. (MKF)

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PERFORMANCE AUDIT REPORT

Reviewing Issues Related to Community Colleges' Customized Employee Training Courses

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A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
August 1998

98-53

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Legislative Division of Post Audit

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August 18, 1998

To: Members, Legislative Post Audit Committee

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This report contains the findings, conclusions, and recommendations from our completed performance audit, *Reviewing Issues Related to Community Colleges' Customized Employee Training Courses.*

The report also contains two appendices—one provides financial information about the customized training classes provided by each community college in fiscal year 1997, and the other provides detailed information about the sample of 28 customized training classes we reviewed in this audit.

This report includes several recommendations for strengthening the Department of Education's controls over and oversight of customized training classes. This report also recommends that the Legislature's Joint Committee on Economic Development consider the policy issues and questions raised in this report. We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

Barbara J. Hinton
Legislative Post Auditor

EXECUTIVE SUMMARY

LEGISLATIVE DIVISION OF POST AUDIT

Question 1: To What Extent Are the State's Community Colleges Offering Customized Employee Training Courses For Businesses Essentially at No Cost

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In fiscal year 1997, 16 of 19 community colleges provided customized training courses for college credit to businesses; Dodge City Community College provided most of the training. *Community colleges reported that they provided customized training to more than 300 companies, and generated 34,000 credit hours through those classes. Dodge City Community College generated about 80% of those credit hours, primarily through classes offered to employees of two meat-processing companies.* ..... page 5

We estimate that at least 82% of the customized training classes taught for college credit in fiscal year 1997 were provided at no cost to the requesting businesses. *Dodge City and Seward County Community Colleges provided 99% of the no-cost credit hours, with nearly all of the free training being provided to two meat-processing companies. The classes were taught by company employees at the processing plants, and using company equipment. The colleges and businesses worked out various financial arrangements that usually involved the company paying tuition and the college paying money back to the business for facility or equipment "rent," for instructor "fees," or for both. Classes taught with "payback" arrangements actually resulted in community colleges paying the companies about $600,000 more than the companies paid in tuition. State law doesn't prohibit community colleges from entering into such payback arrangements with the companies they provide training to, but these types of arrangements don't seem to be reasonable.* ..... page 6

The Department of Education doesn't have a clear and consistent process for reviewing and approving customized training courses. *We identified several weaknesses. For example, the process for submitting, approving, and teaching a customized course isn't well documented or understood. Department staff also weren't consistent in their approval or disapproval of courses. In addition, they didn't always get enough information to know whether a course should be approved.* ..... page 10

In the absence of clear policies regarding customized training courses, some courses are being approved, offered, or marketed in ways that may not have been intended. *The Department has approved a number of customized training courses for credit hour aid that appeared to us to be little more than regular on-the-job training. These included initial training orientation classes for new meat-processing employees in processing techniques and plant procedures. Customized training courses such as "Enhancing Personal Relationships" or "Self-Discovery-Unlocking the Doors" may not be what other people envisioned for this program. Finally, some community colleges are improperly marketing customized training courses to other companies or the public, which could significantly increase the State aid these courses generate.* ..... page 12

Two other states we contacted that allow their community colleges to provide state-subsidized customized training for business and industry use a different mechanism for providing that state funding. *Pennsylvania funds its customized training program through grants awarded by an economic development agency. Utah funds its program through a separate legislative appropriation. Funding customized training courses on a non-credit-hour basis could help eliminate questions about whether courses are worthy of college credit, or whether they are being offered simply because of the revenues they generate. A new funding mechanism also could be designed to eliminate the current "payback" arrangements.* ..... page 14

Question 2: What Effect Have Customized Training Courses Provided to Companies or Businesses Had on Community Colleges' State Aid?

In fiscal year 1997, customized training classes offered through the Business and Industry Program generated nearly $2.1 million in State aid for community colleges. *On average, community colleges received only 4% of their total State aid from customized training classes, but at Dodge City Community College that figure was 49%.*

Community colleges that pay out more on customized training courses than they take in still can come out ahead because of the State aid they receive. For example, in fiscal year 1997 Dodge City Community College collected about $900,000 in tuition from two meat-processing companies, but paid these companies about $1.5 million. Because the College collected about $1.6 million in State aid for these classes, the College still came out ahead by about $1 million. ..... page 16

In fiscal year 1997, customized training classes didn't affect the amount of credit hour aid the State paid to community colleges, but did increase the amount paid for out-district aid by about $123,000. *Because the Legislature appropriates a specific amount of credit-hour funding for the Department of Education to distribute to community colleges, customized training classes had no impact on total credit-hour State aid. However, customized training classes did cause the State to pay about $123,000 in out-district aid.* ..... page 18

The number of credit hours generated through customized training classes did affect the distribution of State credit hour aid among the community colleges. *The Department distributes funding for credit-hour State aid based on the proportional share of credit hours generated by each community college. Because Dodge City Community College generated such a large number of customized training credit hours, it was able to collect a bigger share of the funding available. If the community colleges hadn't offered any customized training courses in fiscal year 1997, Dodge City Community College would have received about $1.5 million less in credit-hour State aid. In all, 16 of the 18 other colleges would have received more of the credit-hour aid available, ranging from nearly $15,000 to more than $450,000.* ..... page 19

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APPENDIX B: *Detailed Information About the Sample of Business and Industry Classes We Reviewed* ..... page 27

APPENDIX C: *Agency and Community College Responses* ..... page 29

This audit was conducted by Joe Lawhon, Scott Claassen, LeAnn Schmitt, and Trish Rolfstad. Leo Hafner was the audit manager. If you need any additional information about the audit's findings, please contact Mr. Lawhon at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call (785) 296-3792, or contact us via the Internet at: **LPA@mail.ksleg.state.ks.us.**

Reviewing Issues Related to Community Colleges' Customized Employee Training Courses

Legislative concerns have been raised about certain customized vocational training courses being offered at Dodge City Community College. The College reportedly was offering customized training courses for workers at two beef processing plants operated by two different companies in Dodge City. However, this customized training was provided by company employees at their plants using their own equipment. In addition, although the College charged the companies for tuition at $30 per credit hour for each worker, the companies charged the College the same amount for using their equipment and building. As a result, the net amount paid by the companies for tuition was zero. For each credit hour these workers take, the College receives State aid.

Legislators have raised questions about the extent to which Kansas' 19 community colleges offer these types of customized training courses, the reasons why courses are being offered this way, whether this practice results in subsidized training for private businesses, and whether it's done to generate additional State aid for community colleges. Addressing those concerns, this performance audit answers the following questions:

1. **To what extent are the State's community colleges offering customized employee training courses for businesses essentially at no cost?**

2. **What effect have customized training courses provided to companies or businesses had on community colleges' State aid?**

To answer these questions, we reviewed Kansas statutes and other guidance documents published by the Department of Education. We surveyed all Kansas community colleges and area vocational schools to gather revenue and expenditure information for customized training courses taught in fiscal year 1997. We interviewed officials from the Department of Education and from several community colleges. We also visited five community colleges with active Business and Industry programs, and examined records providing information about revenues and expenditures for their programs and a sample of 28 customized training classes. In addition, we contacted officials in two other states to learn how their colleges provide training to business and industry.

In conducting this audit, we followed all applicable government auditing standards set forth by the U.S. General Accounting Office, except we didn't verify the accuracy of the revenue and expense information submitted by the community colleges. We were able to verify these amounts only for the sample of courses we reviewed at the five colleges. Although we have no reason to believe the numbers reported by the community colleges aren't accurate, the reader should be aware that these figures haven't been audited separately.

Our findings begin on page five after a brief overview of the Business and Industry Service Program.

Overview of the Business and Industry Service Program and Customized Training Classes

In 1989 the State Board of Education approved the Business and Industry Service Program for use by all Kansas community colleges and area vocational-technical schools. The Program was created to allow and encourage community colleges and area vocational-technical schools to continue to develop and provide customized training for Kansas business and industry, both existing and potential.

The Program grew out of the State's economic development efforts of the mid-1980s. In 1986, a legislative task force report discussed the need for educational institutions to be responsive to the needs of business, and noted that meeting these needs would require the commitment of substantial State funds.

The report also suggested that community colleges needed to be able to receive credit hour and out-district State aid for providing training to business and industry, and that vocational schools should be able to secure similar State aid. The report also discussed the barriers community colleges and vocational schools were encountering when trying to design programs to meet the unique training needs of businesses, and the need to remove those barriers.

The Business and Industry Program Provides Employee Training Through Customized Training Classes

Generally, when businesses or other entities request training from a community college those training requests are handled through the college's Business and Industry Service Program or its equivalent. All training offered through such programs is "customized" in any of three ways:

1. A business may request training that doesn't receive any college credits. This training, which can cover any subject area, commonly is known as "contract training." In these cases, the requesting business pays the full cost of the training because the college receives no State aid for classes taught when credit hours aren't awarded. The community colleges can offer these courses without getting the Department of Education's approval.

2. A business may ask for training that already is covered in one of the college's existing courses. In this case, the college agrees to modify an existing class to meet the business' needs. For example, a company may request training on certain computer skills that are covered in an existing computer class. It doesn't want the whole class to be taught, just a few sections. The college can modify the existing class, and teach the reduced material for fewer credit hours. Because the course already had been approved by the Department of Education, the college can bill the Department for State aid.

3. A business may request training that the college doesn't offer in any of its existing courses. For example, a company may ask a college to create a customized course in reading blueprint drawings, something that's not covered in another course. In this case, the college must design a new course. If the company wants its employees to earn college credits for attending this class, the college must submit the required paperwork to the Department of Education for approval, as more fully described below. If the course is approved, the college can bill the Department for State aid.

For this audit, we focused on **newly created** customized training courses. In addition, when we talk about the entity that requested customized training, we use the term "company" or "business," although associations and other groups have asked for and received customized training.

The Board of Education maintains that customized training is essential to continuing, successful economic development within the State. As a result, one of the Board's 12 mission statements for community colleges allows colleges to provide "customized educational and training programs and courses to assist business and industry to train their employees in job-related skills." The Board also supports the concept that business and industry training courses provide an opportunity for employees to engage in post-secondary learning, which contributes to their personal educational development and potential to acquire higher-skilled, higher-paying jobs.

The Department of Education Must Approve All Customized Training Courses Offered for College Credit Before Those Courses Are Taught

According to Department staff, colleges were teaching customized courses to businesses before the Business and Industry Service Program was started in 1989. However, they said those courses generally were taught without college credit because the process for approving "for-credit" courses took too long to fit businesses' timeframes.

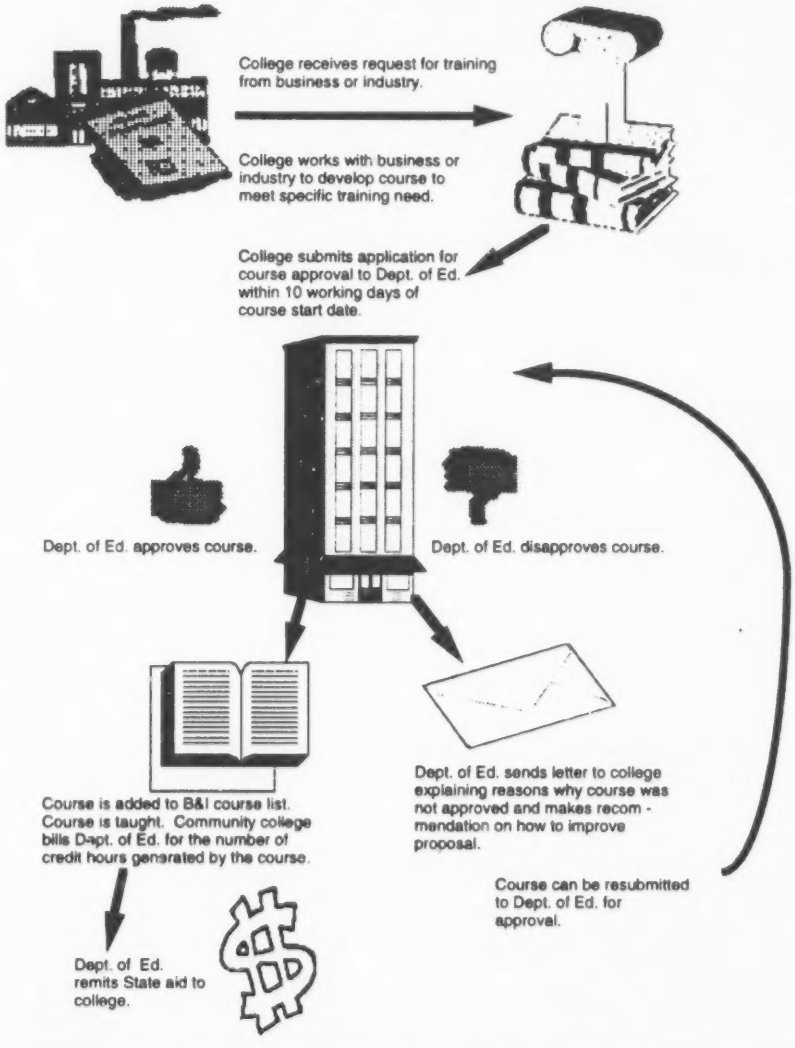
Under the Business and Industry Service Program, however, the course approval process for a customized training class has been streamlined. The graphic on page four, which illustrates this process, shows that a business first must ask the college to provide customized training. Once the college and the company agree on the specifics for the class, the college submits various materials—including a course syllabus—to the Department of Education. Department staff either approve or disapprove the class.

All customized training classes the Department approves are eligible for college credit. Usually, customized training courses provide each student with one-half or one credit hour, but some classes may provide up to eleven college credit hours. One credit hour is equal to 15 classroom hours—the same as for any other academic or vocational course.

A community college can receive two types of State aid for the customized training classes it offers—credit hour State aid and out-district State aid. These and other types of State aid are described more fully in Question 2.

Because State aid covers part of the cost of customized training classes that are taught for college credit, college officials told us they could offer these courses to businesses for a lower fee than they'd have to charge otherwise. College officials we spoke with during the audit told us this allowed companies with limited financial resources to obtain needed training for their employees.

Business and Industry Service Program Course Approval Process


College receives request for training from business or industry.
College works with business or industry to develop course to meet specific training need.
College submits application for course approval to Dept. of Ed. within 10 working days of course start date.
Dept. of Ed. approves course.
Dept. of Ed. disapproves course.
Course is added to B&I course list. Course is taught. Community college bills Dept. of Ed. for the number of credit hours generated by the course.
Dept. of Ed. sends letter to college explaining reasons why course was not approved and makes recommendation on how to improve proposal.
Course can be resubmitted to Dept. of Ed. for approval.
Dept. of Ed. remits State aid to college.

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To What Extent Are the State's Community Colleges Offering Customized Employee Training Courses For Businesses Essentially at No Cost?

In fiscal year 1997, 16 of the State's 19 community colleges provided newly created customized training classes for college credit to businesses. These classes generated about 34,000 college credit hours. At least 82% of the customized training was provided at no cost to the requesting businesses. Two community colleges—Dodge City and Seward County—provided nearly all the free classes, and two meat processing companies received nearly all the free training. In these cases, both colleges received tuition payments from the companies, but paid back more than they took in for "renting" the companies' facilities and using the companies' employees as instructors.

We identified a number of problems with the Department of Education's approval of customized training courses. In addition, some courses have been offered or marketed in ways that may not have been intended. Two other states fund customized training in a different way than Kansas; they offer some advantages worth considering. These and other findings are discussed in more detail in the sections that follow.

In Fiscal Year 1997, 16 of 19 Community Colleges Provided Customized Training Courses for College Credit to Businesses; Dodge City Community College Provided Most of That Training

We surveyed all 19 community colleges to obtain financial information about Business and Industry Service Program classes that were requested by and newly created for businesses, and that generated college credit hours in fiscal year 1997. The colleges reported that they provided customized training to more than 300 companies, and generated about 34,000 credit hours through those classes. The table on page six shows this information for each college.

The table shows that Dodge City Community College had the most active program by far. It accounted for nearly 80% of the total credit hours generated through customized training courses. In all, 99% of Dodge' City's credit hours were for customized training classes offered to two meat-processing companies—Excel and National Beef. At Seward County Community College, 89% of its customized training credit hours were for meat-processing courses for National Beef.

The table also shows that many colleges taught very few customized training classes for college credit in fiscal year 1997. Several college officials we spoke with said they prefer their Business and Industry classes not to be taught for college credit. They cited several reasons, including the hassle of getting a course approved by the Department, and having to develop a syllabus and other materials for a class that may be taught only once.

Customized Training Provided by Community Colleges To Businesses in Fiscal Year 1997

Community College	# of Companies Involved	# of Credit Hours Generated	% of Total
Dodge City	6	26,895	79.0%
Cowley County	6	2,467	7.2
Seward County	8	1,336	3.9
Cloud County	14	1,315	3.9
Hutchinson	5	585	1.7
Labette County	22	387	1.1
Butler County	204	340	1.0
Pratt	21	310	0.9
Barton County	36	97	0.3
Allen County	7	93	0.3
Independence	2	92	0.3
Neosho County	2	62	0.2
Garden City	4	50	0.1
Coffeyville	1	12	0.0
Fort Scott	1	9	0.0
Highland	1	8	0.0
Colby	0	0	0.0
Johnson County	0	0	0.0
Kansas City	0	0	0.0
Totals	340	34,058	100.0%

Department of Education officials also told us that Johnson County Community College provides a lot of customized training, but it's all contract training that's not taught for college credit. And one college official told us he tries to steer companies away from seeking college credit hours when they request customized training. But if a business insists it wants its customized training to be for college credit, he said, the college will proceed accordingly.

More information about each college, including the companies they provided customized training to in fiscal year 1997 and the revenues these courses generated, is listed in Appendix A.

We Estimate That At Least 82% of the Customized Classes Taught for College Credit in Fiscal Year 1997 Were Provided At No Cost to the Requesting Businesses

During this audit, we visited five community colleges—Barton, Dodge City, Hutchinson, Pratt, and Seward—to determine the extent to which they were providing customized training essentially at no cost to companies or businesses. At these colleges, we reviewed a sample of 28 customized training classes in-depth. Our selection process wasn't random—we intentionally went to colleges and looked at courses that we thought were likely to have had a payback arrangement, or that we thought shouldn't have met the Department's approval criteria.

For 8 of these 28 classes, the companies got back at least as much from the colleges as they paid to the colleges for providing the training. As the following table shows, those 8 courses generated nearly 800 credit hours. (Appendix B provides a listing of the 28 classes and relevant financial information about each one.)

Extent to Which Customized Training Classes Were Taught in 1997 at No Cost to the Requesting Companies (sample of 28 classes)

College	Credit hours we reviewed	Credit hours taught at no cost to the requesting companies	% of total reviewed
Dodge City	570	498	87%
Seward	110	78	71%
Hutchinson	262	204	78%
Pratt	82	0	0%
Barton	97	0	0%
Totals / Average	1,121	780	70%

As the table shows, 70% of the credit hours generated by the courses in our sample were provided to companies at no cost.

Our sample included five classes from Dodge City and Seward County Community Colleges that were provided to meat-processing plants. Those classes were taught by company employees, and were taught at the meat-processing plants using the companies' own equipment. For these classes, the Colleges and companies had agreed that the companies would pay tuition for each worker, but would then charge the Colleges the same amount in rent for using their equipment and facilities. As a result, the net direct cost to the companies was zero. In addition, both Colleges paid instructor fees to the companies for the employees who taught the classes.

Hutchinson Community College taught two classes to two companies at no cost to either company. In both cases, the College had agreed to pay the companies either for instructor fees or facility rent, or both. Seward County Community College provided the other no-cost class in our sample. It returned all tuition as the instructor fee. More information about these three classes is provided in the accompanying box.

Officials at Dodge City and Seward County told us their payback arrangements covered all their customized training classes for meat-processing companies—not just the ones in our sample. Here are the credit hours the colleges generated in fiscal year 1997 for teaching such classes to meat-processing companies:

Dodge City Community College	
Excel	18,082
National Beef	8,509
Total for Dodge City	26,591
Seward County Community College	
National Beef	1,190

We Identified Only Three Instances of Community Colleges Providing Free Customized Training Classes To Businesses That Weren't Meat-Packing Companies

Besides the free customized training classes provided to meat-packing companies, we identified three other courses that community colleges provided to companies at no cost. These three classes generated 246 credit hours. For two of these classes, the colleges actually paid more to the companies than the companies paid them. Each class is briefly described below:

Seward County Community College generated 42 credit hours by providing a class titled Introduction to Developmental Disabilities. The class taught company employees how to better work with disabled people. The college agreed to refund all of the $1,803 in tuition paid by that company because an employee of the requesting company taught the class.

Hutchinson Community College generated 198 credit hours by providing a class titled Intermediate Journeyman Training Program. This class taught licensed electricians about several topics including electrical motors, transformers, and blueprint reading. The college collected about $5,000 in tuition from the electrical union, but it paid the union about $12,000 for instructor fees and facility rent.

Hutchinson Community College generated six credit hours by providing a class titled Medication Provider. This class taught staff how to administer oral medications to developmentally-delayed people. The college collected $150 in tuition, but paid $372 to the requesting company for instructor fees.

Given this additional information, we are able to say with certainty that at least 82% of the credit hours generated by community colleges' customized training classes in fiscal year 1997 were provided at no direct cost to the requesting companies. (We arrived at this estimate by adding all the courses Dodge City and Seward County provided at no direct cost to meat-processing companies, to the no-cost courses in our sample that were provided to non-meat-processing companies. Those figures added to 28,027 credit hours; Dodge City and Seward County accounted for 99% of those hours.)

Finally, for 3 of the 28 classes we reviewed, the colleges had agreed to payback arrangements that didn't result in a full refund of the tuition the company had paid. In other words, the amounts paid were always less than the tuition paid by the requesting company. Twice the colleges paid the requesting company for providing the instructor, and once to reimburse the company for acquiring textbook materials. These three classes generated 126 credit hours. (To find these classes, look at Appendix B.)

Customized classes taught with payback arrangements actually resulted in community colleges paying back about $600,000 more than they received from the companies. When colleges agreed to pay companies for instructors' fees and for rent on their facilities and equipment, the amount they paid out generally was more than the amount of tuition the companies paid in.

At Dodge City and Seward County Community Colleges, for example, we noted that meat-processing companies got back more from the college than they paid for all the customized training classes they received.

The following table summarizes the amounts community colleges received from and paid to requesting businesses for all the classes we identified in this audit that had payback arrangements. For Dodge City and Seward County, all but about $1,000 and $2,000, respectively, pertains to the courses they offered to meat-processing companies.

Summary of the Amounts Community Colleges Received From and Paid to Companies Requesting Customized Training Classes

Community College	Amt. colleges received from companies	Amt. colleges Paid to companies	Difference
Dodge City	$907,670	$1,501,715	($594,045)
Seward County	61,983	83,433	(21,450)
Hutchinson	5,100	12,450	(7,350)
Pratt	294	121	173
Barton	13,249	3,745	9,504

As the table shows, Dodge City Community College paid the meat-processing companies almost $600,000 more than it received from those companies. The amounts at Seward County and Hutchinson Community Colleges were much smaller.

State law doesn't prohibit community colleges from entering into payback arrangements with the companies they provide customized training to, but these types of arrangements may not be reasonable. State law allows community colleges to enter into any contracts, including financial arrangements for customized training classes. It doesn't prohibit them from returning all tuition and fees paid by a company for any class, whether it's a Business and Industry course or a course on the college's regular course list.

Community college and company officials told us they thought it was both fair and reasonable for colleges to pay companies for their instructor and facility rental costs. They explained the general importance of building partnerships with the area companies. By helping companies reduce their training costs, they said, the colleges can help the companies be more profitable and thereby boost the local economy. Their specific comments regarding payments for rent and instructor fees—and our concerns about the reasonableness or propriety of such arrangements—are described below:

- **Regarding rent payments:** College officials said such arrangements are appropriate because the colleges aren't using their own facilities to provide the class. In the case of Dodge City Community College, it would have to either buy or rent facilities to provide the type of "lab" experience needed for meat-processing classes. Hutchinson Community College officials said they paid rent for one customized training class because it was a way to provide State aid for an apprenticeship training program.

In our opinion, however, it isn't at all customary to charge rent to a person who's hired to provide training. For example, when a State agency hires someone to come to its own offices and provide computer training, that agency wouldn't charge that person rent for using its office space and computers. Further, the meat processing companies aren't incurring significant additional costs because the training is being held at their own facilities. If the classes were held at another site, the costs of operating each plant wouldn't be reduced by any noticeable amount.

- **Regarding instructor fees being paid to companies:** For 12 of 28 courses in our sample, the course was taught by an employee of the company that requested the training. College officials told us that using company employees to teach customized training classes was appropriate because, in some cases, they are the only people qualified to teach a class. They said this was especially true in sparsely populated areas of the State.

  However, for 10 of those classes we think the arrangements the colleges made may have violated a Department requirement that calls for the instruction to be "provided by the college directly, or through a contractual arrangement in which the college is fully responsible for the training provided, and hiring of instructors." In our opinion, for the colleges to be "fully responsible" there should be an employer-employee relationship. Such a relationship wasn't clearly established in these cases because there weren't employment agreements between the colleges and the instructors, nor did the colleges pay the instructors directly for their teaching services.

  The Department of Education often doesn't know who will teach a customized training class when it approves that course, and relies on the colleges to ensure that this requirement is being met. But it was clear from our reviews that it wasn't being met for the majority of customized training courses being offered.

The Department of Education Doesn't Have a Clear and Consistent Process for Reviewing and Approving Customized Training Courses

During this audit, we looked to see whether the Department had approved all the courses in our sample, as required by its policies. It had. However, in reviewing the approval process itself and speaking with Department and community college officials, we identified the following weaknesses:

- *The process for submitting, approving, and teaching a Business and Industry Program course isn't well documented or understood.* The Department hasn't developed sufficient written procedures or guidelines regarding customized training classes. Department staff told us they've tried to interpret policies consistently, but weren't sure they had always done so. As a result, several

community college officials we talked with had different interpretations of what was required or allowed in offering customized training classes.

Also, some community college officials told us that the course approval process took too long, and that the amount of paperwork required was too burdensome. All officials agreed that a more efficient and streamlined course-approval process was needed.

- *Department staff weren't consistent in their approval or disapproval of courses.* While they commonly rejected courses that weren't directed at the proper audience (namely, employees of a particular business or industry), they also sometimes approved courses that didn't appear to meet those criteria. For example, the Department rejected an application for a course to teach management skills to Professional Secretaries International because that course was for an organization, not a specific company. On the other hand, it approved a course for the National Association of Corrosion Engineers, even though it is an organization with members representing many companies.

- *Department staff don't always get enough information to know whether a course should be approved.* As noted earlier, they don't always know who the instructor will be. In addition, we saw one class where they didn't know who the students for that class would be. That class, entitled "Private Pilot Ground Training," actually was offered to anyone seeking a pilot's license from the general public. A Department official we talked with acknowledged this course shouldn't have been approved.

- *Department officials don't adequately document that they've checked to ensure a college won't be paid twice for providing customized training to businesses.* Kansas companies may apply for and receive grants from the Department of Commerce and Housing to have a community college provide customized training to their employees. In such cases, the community colleges aren't allowed to submit those classes to the Department of Education for credit hour approval.

  Although Department of Education staff told us they did check to ensure that proposed customized training courses didn't involve Commerce and Housing grant funds, the files we reviewed didn't contain sufficient documentation to show that any checks had been made. Our review of Commerce and Housing records showed that no grant funds had been used for the 28 courses in our sample.

In addition, Department staff we talked with generally weren't aware of the types of situations or problems we identified during this audit. The Business and Industry Program represents a very small part of the activities the Department is responsible for. As a result, they said, they don't visit the colleges and review Business and Industry program records to ensure that community colleges are adhering to Department criteria. Instead they rely on colleges to ensure that those criteria are met.

In the Absence of Clear Policies Regarding Customized Training Courses, Some Courses Are Being Approved, Offered, Or Marketed in Ways That May Not Have Been Intended

The types of things we saw during our reviews are described below.

The Department has approved a number of customized training courses for credit hour aid that appeared to us to be little more than regular on-the-job training. We considered classes to be part of a company's normal on-the-job training if they were taught by company employees to other company employees on company premises. The following table describes the 7 of 28 courses in our sample that fit this description.

Customized Training Classes That Appear to Be On-The-Job Training

Class Title	Company Involved	Purpose of Training
Training Orientation *Two Classes*	National Beef	Initial orientation for new meat processing employees, including meat processing techniques and plant procedures.
Training Orientation	Excel	Same as National Beef
Comprehensive Industrial Training	National Beef	Retraining on issues relevant to meat processing and successful plant operations.
Comprehensive Industrial Training	Excel	Same as National Beef.
Introduction to Developmental Disabilities	Arrowhead West, Inc.	Training people to work with developmentally disabled people. Addresses health related issues.
Medication Provider	Northview Developmental Services, Inc.	Teaching unlicensed staff how to administer oral medications to people who are developmentally-delayed

As the table shows, five of these classes involve meat-processing companies. In these classes, company employees are taught by another company employee at their own facility about meat-processing techniques and safety procedures.

Officials from both meat-processing companies told us their companies would continue to provide this type of training even if the community colleges weren't involved. They did say, however, that they thought the quality and quantity of training likely would diminish without the colleges' participation.

Some of the Benefits of Customized Training

Meat-packing company and college officials cited several reasons why they thought customized training was valuable:

- By allowing employees to earn college credit through customized training classes, they gain self esteem.
- It's important for Kansas to attract and keep industries. The types of customized training the colleges provide help accomplish that. To foster growth, it's important to develop strong relationships between community colleges and community businesses.
- The meat-packing companies regard the training as one tool to help decrease the high employee turnover rate. Company officials said they want their company to have a learning environment.
- The workforce of the meat-packing companies is about 80% minorities—mostly Hispanic and Southeast Asian. Officials view parts of the training as a way to help assimilate these people into the community—to teach them skills to become better citizens as well as better employees. Once introduced to the college, many of the employees return to the college for General Education Diploma (GED), English as a Second Language (ESL), and other coursework.

In the two other classes shown on the table, employees were learning concepts that appeared to be essential to their job skills. In such cases, companies normally would provide this training to their employees as part of their regular job training.

Some of the customized training courses being approved and offered for college credit may not be the types of courses people envision for this Program. One of the community colleges' missions is to provide "customized educational and training programs and courses to assist business and industry to train their employees in job-related skills."

Based on our reviews, however, we noted some courses that we think people might not envision as related to company employees' job skills. Examples include courses titled Self-Discovery-Unlocking the Doors, Hope and Healing After Loss, Using Humor to Juggle Your Life, and Teen Suicide: At Risk & In Crisis in America's Classroom. The box on the following page describes another one of those courses in more detail.

We also think some people would question whether these types of courses are worthy of college credit hours and, thus, State aid. However, one reason the Department of Education has allowed these courses to receive credit hours is to provide a way of getting State aid to community colleges for teaching such courses.

Further, Department officials told us customized training classes aren't intended to generate credit hours that are transferrable to four-year colleges, however those courses can count as elective hours for some degrees offered by community colleges.

Some community colleges are marketing customized training courses to other companies or the public, which could significantly increase the number of credit hours—and State aid—those courses generate. Department of Education officials told us that, when they approve a college's request to teach a customized training class, the approval is good for one year and is good only for the company that requested the class.

Some Courses Being Taught Under the Business and Industry Service Program May Not Be the Types of Courses People Envision

One class approved for Dodge City Community College helps illustrate this point:

Enhancing Personal Relationships—approved January 1997

- Requested by the Executive Director of New Chance, Inc., a community alcoholism and drug abuse treatment center, who said her employees needed the course to help fulfill their continuing education requirements. Taught for a one-half hour of college credit.
- One objective of the course was to "discover how to produce less ouch and blahs and more aahs, when giving understanding rather than rejections."
- Evaluation methods outlined for this class were 50% based on attendance, 40% based on workshop participation, and 10% "application of this knowledge towards individual life styles and professional use by written evaluation." Students were given either a pass or fail grade.
- A note in the Department of Education file states that the course, "may appear to be a bit touchy/feely,' but it is a set of appropriate behaviors for those working in these settings." This statement disagreed with the original evaluation of the course by a Department consultant, who recommended the course not be approved because is was "not occupational in nature!"

We noted, however, that several colleges were actively soliciting additional students for customized training courses. For example, Hutchinson Community College offered certain customized training classes to businesses and the general public through an open enrollment. The College has developed brochures and other materials to get the word out about class availability. Pratt Community College also actively sought students for a food safety course.

Two Other States We Contacted That Allow Their Community Colleges To Provide State-Subsidized Customized Training for Business and Industry Use a Different Mechanism for Providing That State Funding

During this audit, several college officials acknowledged that some of their customized training courses wouldn't be worthy of college credit hours in the traditional sense. However, they said, they needed to seek credit hour approval for these classes in order to get State aid. They noted that some other states have different direct methods of funding such courses.

We contacted officials in two other states they suggested—Pennsylvania and Utah— about the methods they use to fund customized training courses.

- Pennsylvania officials said funding for their customized job training program comes in the form of grants awarded by an economic development agency. Community colleges receive grants to put on specific training. In cases where a grant might not cover the college's entire training costs, the college may seek reimbursement from the state for non-credit-hour training.

- Utah officials said their Legislature appropriates a sum of money for the custom-fit training program. That money is then allocated among community colleges and other centers that provide customized training. Each entity must live within its budget. When annual funding runs out, companies must pay the full cost of training or wait until the following year.

If the way Kansas subsidizes customized training courses for businesses and industry were changed to a non-credit-hour basis, other changes would be needed as well. For example, the Legislature might need to become more directly involved in determining how much it wants to invest in such efforts across the State. In addition, the Legislature, the Department of Education, or both may want to be involved in deciding such questions as what types of courses can be offered with subsidized State funding. For example, training that's readily available through other sources, or that doesn't address specific technical job-related skills, may not be deemed eligible. Within certain guidelines, however, decisions about which companies are helped and which courses are taught still could rest with the community colleges.

In addition, funding customized training courses on a non-credit-hour basis could help eliminate questions about whether such courses are worthy of college credit, or whether they are being offered simply because of the revenues they generate. A new funding mechanism also could be designed to eliminate the payback arrangements that currently allow companies to receive training at no cost, or to actually make money on those courses at the taxpayers' expense.

Conclusions and recommendations for this question appear at the end of this report.

What Effect Have Customized Training Courses Provided to Companies or Businesses Had on Community Colleges' State Aid?

In fiscal year 1997, the newly created customized training courses generated nearly $2.1 million in State aid for the State's 19 community colleges. They provided a significant amount of Dodge City Community College's total State aid and total revenues, but generated a very small portion of the other colleges' funding. Although customized training courses didn't affect the total amount the State paid for credit hour aid, they did significantly affect the distribution of credit hour State aid among the community colleges. Because Dodge City Community College generated so many credit hours through its customized training courses, it collected a larger share of the credit hour funding than the colleges that offered no or few such courses. In addition, the State paid about $123,000 in out-district aid for these customized training courses. These and related findings are discussed in more detail in the sections below.

In Fiscal Year 1997, Customized Training Classes Offered Through the Business and Industry Program Generated Nearly $2.1 Million in State Aid for Community Colleges

Community colleges receive five types of State aid, as described in the box on page 19. However, only credit hour and out-district State aid are affected by customized training courses.

In fiscal year 1997, all customized training classes offered through the Business and Industry Service Program generated nearly $2.1 million in State aid for community colleges. The table on the following page summarizes the State aid each community college received.

Through our analysis of community college records, we determined that the no-cost classes provided by Dodge City, Seward County, and Hutchinson Community Colleges generated about $1.6 million of the $2.1 million in State aid. That figure could be larger if other colleges we didn't visit also offer customized training classes at no cost.

On average, the colleges received only 4% of their total State aid from Business and Industry classes, but at Dodge City Community College that figure was 49%. As the table on the next page shows, State aid for Business and Industry classes accounted for only $2.1 million of the nearly $54 million in total State aid the colleges received in fiscal year 1997. However, at Dodge City Community College those courses generated $1.6 million of its $3.3 million in State aid.

The table also shows that State aid for customized training classes through the Business and Industry Service program accounted for less than 1% of all the community colleges' total revenues. However, those courses generated about 11% of Dodge City Community College's total revenues.

Community Colleges' Sources of Revenue
Fiscal Year 1997

Community College	Credit Hour State Aid for All Customized Training Classes	Out-District State Aid for All Customized Training Classes	State Aid Subtotal	Total State Aid	State Aid for All Customized Training Classes as a % of Total State Aid	Total Community College Revenue	State Aid for All Customized Training Classes as a % of Total Revenue
Dodge City	$1,585,103	$34,716	$1,619,819	$3,323,048	48.7%	$14,350,059	11.3%
Cowley County	147,649	29,004	176,653	3,386,826	5.2%	12,995,307	1.4%
Cloud County	55,788	30,024	85,812	2,502,067	3.4%	7,515,610	1.1%
Seward County	57,059	0	57,059	1,020,172	5.6%	8,553,311	0.7%
Pratt	18,943	6,732	25,675	1,381,314	1.9%	6,903,340	0.4%
Hutchinson	21,970	3,696	25,666	3,526,468	0.7%	17,206,232	0.1%
Butler County	14,669	7,632	22,301	6,325,443	0.4%	26,759,658	0.1%
Labette County	14,384	5,208	19,592	1,972,050	1.0%	6,781,581	0.3%
Barton County	4,132	2,184	6,316	4,401,936	0.1%	14,815,251	0.0%
Highland	3,152	1,776	4,928	2,113,208	0.2%	6,873,883	0.1%
Independence	3,817	276	4,093	984,111	0.4%	6,403,798	0.1%
Allen County	3,576	0	3,576	1,652,156	0.2%	5,786,650	0.1%
Neosho County	2,753	720	3,473	985,777	0.4%	5,336,133	0.1%
Garden City	2,211	720	2,931	1,645,525	0.2%	12,601,015	0.0%
Coffeyville	549	0	549	1,383,457	0.0%	7,655,634	0.0%
Fort Scott	398	120	518	1,626,892	0.0%	6,269,944	0.0%
Colby	0	0	0	1,916,247	0.0%	7,969,166	0.0%
Johnson County	0	0	0	10,163,692	0.0%	79,763,580	0.0%
Kansas City	0	0	0	3,577,819	0.0%	21,439,126	0.0%
Total	$1,936,153	$122,808	$2,058,961	$53,888,208	3.8%	$275,979,278	0.7%
Average	$101,903	$6,464	$108,366	$2,836,221	3.8%	$14,525,225	0.7%

Community colleges that pay out more on customized training courses than they take in still can come out ahead because of the State aid they receive. This point is best explained by analyzing the State aid Dodge City Community College received in fiscal year 1997 for providing classes to meat-processing companies.

Analysis of the Effects of State Aid for Customized Meat-Processing Training Classes At Dodge City Community College (DCCC) Fiscal Year 1997

Company	Amt Co. Paid In Tuition	Amount DCCC Paid Back To Company	Difference	Amt. of State aid DCCC Received	Amount DCCC "Made" on Customized Courses
Excel	$ 603,320	$1,042,220	($438,900)	$1,082,793	$643,893
National Beef	303,570	458,795	(155,225)	514,241	359,016
TOTAL	$906,890	$1,501,015	($594,125)	$1,597,034	$1,002,909

The table shows that Dodge City Community College came out ahead by about $1 million. Because the college had minimal other costs to pay in association with these classes, most of that $1 million was available for other purposes.

In Fiscal Year 1997, Customized Training Classes Didn't Affect the Amount of Credit Hour Aid the State Paid to Community Colleges, but Did Increase the Amount Paid for Out-District Aid by $123,000

Each year the Legislature appropriates a total amount of credit-hour funding for the Department of Education to distribute to community colleges, regardless of the number of college credit hours they teach. In fiscal year 1997, that amount was about $40 million. Thus, customized training classes had no impact on the colleges' credit hour aid.

However, State law requires the Department to pay $24 per credit hour in out-district State aid for students who live in a county not served by a community college. The county of the student's residence also pays $24 per credit hour to match the State's payment.

Because of the customized training classes provided to businesses, the State paid about $123,000 more in out-district aid in fiscal year 1997 than it otherwise would have. In addition, the counties that pay out-district tuition paid out an equal amount.

For just the no-cost classes we identified that were offered by Dodge City, Seward County, and Hutchinson Community Colleges, the State paid out about $35,000 more in out-district aid than it otherwise would have.

Community Colleges Can Receive Five Types of State Aid

Credit Hour State Aid—Each fiscal year, the Legislature appropriates a certain amount of funding for credit hour State aid. The Department determines the total number of credit hours produced by all community colleges and distributes the aid based on the proportion of credit hours generated by each college. While the total amount available for credit hour State aid remains constant, a community college can increase the portion it receives by generating more credit hours relative to the other colleges. Credit hour State aid for approved vocational classes is paid at 1.5 times the rate paid for academic classes. If a community college is designated as an area vocational-technical school, the credit hour State aid for approved vocational classes is 2 times the rate paid for academic classes. According to Department of Education officials, in fiscal year 1997, the credit hour rate was $29.47 for academic classes, and $44.21 (1.5X) or $58.94 (2X) for vocational classes.

Out-District State Aid—Out-district State aid is set currently by State law at $24 per credit hour, and out-district tuition, which is paid by the student's home county, is set at the same level. The level of out-district State aid depends on the number of credit hours generated by out-of-county students. The credit hours for which out-district State aid is paid also are eligible for vocational or academic credit hour State aid.

General State Aid—The General State Aid program was begun in 1986 to increase State funding for the community colleges with smaller property tax bases. The amount of General State Aid awarded to a community college is based on the assessed property valuation in the county and the number of students served by the college. The program uses an equalization formula so that a school with a high property tax base like Johnson County receives proportionally less than a school like Highland, which has a low property tax base.

Local Ad Valorem Tax Reduction—The LAVTR program is a method to reduce the county property tax burden for community colleges by giving the colleges a share of the sales tax generated in their home counties. LAVTR is considered a State program because the sales tax is remitted to the State, but the sales tax is collected by the county, and a small percentage is returned to the county. The county distributes a portion of the funds to the community college. The amount of the distribution depends on the amount of sales tax collected in the county, and is not changed by the number of students served by the college or the number of credit hours generated.

State Grants and Contracts—State grants are awarded competitively for a specific purpose. This category also would include contracts with State agencies for the community college to provide training. The amount of the grant or contract would be determined before it was awarded, and would not change with the number of students served by the college or the number of credit hours generated.

The Number of Credit Hours Generated Through Customized Training Classes Did Affect the Distribution of State Credit Hour Aid Among the Community Colleges

Each year the Department of Education distributes funding for credit hour State aid based on the proportional share of credit hours generated by each community college. Thus, a college that generates more credit hours stands to collect a larger share of that aid.

In fiscal year 1997, Dodge City Community College generated nearly 27,000 credit hours from customized training courses. The college that provided the second most customized training credit hours—about 2,500—was Cowley County. By providing such a large number of customized training credit hours, Dodge City Community College was able to collect a bigger share of the funds available for credit hour State aid.

For comparison purposes, we recomputed how that credit hour aid would have been distributed to the community colleges if they hadn't offered any customized training classes (or if they hadn't received credit hour State aid for them, which would have had the same effect).

Our calculations showed that Dodge City would have received about $1.5 million less in credit-hour aid in fiscal year 1997. Cowley County and Seward County would have received slightly less aid as well. In all, 16 of the 18 other colleges would have received more of the credit-hour aid available, ranging from nearly $15,000 to more than $450,000. Those recalculations are shown in the table below.

Computation of How Credit-Hour State Aid Would Have Been Distributed if the Colleges Hadn't Offered Customized Training Classes

College	Actual Credit Hour Aid w/ Customized Classes	Recomputed Credit-Hour Aid without Customized Classes	Dollar Change
Dodge City	$ 2,860,422	$ 1,340,545	$ (1,519,877)
Cowley County	2,483,975	2,455,816	(28,159)
Seward County	791,198	771,686	(19,512)
Cloud County	1,430,898	1,445,439	14,541
Pratt	1,001,125	1,032,415	31,290
Neosho County	693,516	726,092	32,576
Independence	739,134	772,925	33,791
Allen County	1,010,975	1,058,922	47,947
Fort Scott	970,686	1,019,913	49,227
Coffeyville	1,047,686	1,100,692	53,006
Highland	1,180,886	1,237,969	57,083
Colby	1,208,522	1,270,331	61,809
Garden City	1,261,237	1,323,418	62,181
Labette County	1,717,953	1,790,697	72,744
Hutchinson	2,720,194	2,836,224	116,030
Barton County	2,832,523	2,973,048	140,525
Kansas City	2,783,341	2,925,694	142,353
Butler County	4,002,805	4,192,108	189,303
Johnson County	9,055,518	9,518,659	463,141
Total	$39,792,594	$39,792,594	$0

We also recomputed the credit-hour aid figures just for the no-cost classes offered by Dodge City, Seward County, and Hutchinson Community Colleges. The results were very similar to those shown in the table, in large part because the no-cost classes make up such a large part of the customized courses offered by Dodge City and Seward County.

Conclusion

The absence of good controls over—or oversight of—the Business and Industry Service Program being operated by the community colleges, has left that Program subject to abuse. In part, the Program initially was approved as a way to help colleges fund customized training for Kansas business and industry, and thus provide needed training to companies at a somewhat reduced cost. Today, however, Dodge City Community College's program has become a moneymaker for both the College and the companies. That's true to a much lesser extent at a few other colleges as well.

This audit has raised numerous questions. Should colleges be allowed to provide customized training at no cost to companies? Should the State subsidize on-the-job training that companies normally would provide anyway? What types of courses should be allowed to get credit-hour and outdistrict aid under this program? Should they get State funding through a different mechanism, as some other states have done? If the program's purpose is primarily economic development, should it be administered by the Department of Commerce and Housing?

The Legislature should play an active role in addressing these policy issues to ensure that customized training is being provided—and taxpayer moneys are being spent—in ways that are reasonable and appropriate.

Recommendations

1. To ensure that the Business and Industry Service program is operated as the Legislature would intend, the Joint Committee on Economic Development should consider the policy issues and questions raised in this report. Among other things, it should consider whether customized training courses should be funded with credit hour and out-district State aid or some other source, how much the Legislature wants to spend on such courses, what types of courses can be offered with subsidized State funding, which agency should administer this program, and whether the program should be made into law. In its deliberations, the Joint Committee should receive testimony from the Departments of Education and Commerce and Housing, the community colleges, and the businesses that have participated in this program.

2. To ensure that these programs are being operated appropriately, the Department of Education should do the following:

a. clarify formal written policies and procedures to clearly spell out what types of courses can be offered under this program, what types of financial arrangements are appropriate, and what requirements the colleges, companies, and instructors must meet. The Department should distribute that document to each community college, and should encourage college officials to contact Department officials whenever questions arise.

b. conduct periodic reviews of each community college's Business and Industry program to ensure that those programs are being operated in compliance with the established policies and procedures.

3. To ensure that its approval process for customized training courses is efficient, consistent, and well documented, the Department should do the following:

   a. develop a checklist or other documentation to ensure that all necessary criteria for each course approval have been thoroughly evaluated.

   b. institute an internal review process to ensure that Department staff have been consistent in their approval and disapproval of proposed courses.

   c. seek input from Department staff and community college officials to determine whether the course approval process is operating in an effective and efficient manner, and implement changes as necessary.

4. To ensure that community colleges comply with the Department's requirements relating to hiring teachers for customized training classes, the Department should notify all colleges that the instructors they use for customized training classes must be hired by and paid directly by the colleges.

APPENDIX A

Companies Receiving Customized Training Through the Business and Industry Program in Fiscal Year 1997

The table on the following pages contains a listing of the companies that received customized training through the Business and Industry Program in fiscal year 1997 for each community college. The table reflects financial information for newly created courses taught in fiscal year 1997.

Company Name	Credit Hours	Student Tuition	Credit Hour State Aid	Out-District State Aid	Out-District Tuition	Other	Total Revenue
Community College: Allen County							
Tramec Corp	54.0	$1,566	$1,967	$0	$0	$210	$3,743
Midland Brake	0.0	0	0	0	0	900	900
Emprise Bank	17.0	493	778	0	0	0	1,271
Herff Jones	7.5	218	343	0	0	0	561
Midland Brake	4.0	116	183	0	0	0	299
Midland Brake/Gates Pizza Hut	0.0	0	0	0	0	810	810
Various Businesses Shared	10.0	290	305	0	0	0	595
Total	92.5	$2,683	$3,576	$0	$0	$1,920	$8,179
Community College: Barton County							
National Association of Corrosion Engineers (36 companies.)	97.0	$3,783	$4,132	$2,184	$2,184	$9,457	$21,740
Total	97.0	$3,783	$4,132	$2,184	$2,184	$9,457	$21,740
Community College: Butler County							
Boeing	82.0	$3,362	$3,533	$1,476	$1,476	$3,130	$12,977
Pioneer Aluminum	4.0	164	172	72	72	356	836
SW Bell	4.0	164	172	72	72	311	791
Computer classes (201 companies)	250.5	10,270	10,792	6,012	6,012	21,438	54,524
Total	340.5	$13,960	$14,669	$7,632	$7,632	$25,235	$69,128
Community College: Cloud County							
Clay Co Hospital	119.0	$6,536	$5,132	$2,688	$2,688	$0	$17,044
Geary Co Hospital	130.0	6,865	5,499	3,060	3,060	0	18,484
Linn Nursing Home	9.0	540	388	216	216	0	1,360
Republic Co Hospital	39.0	2,210	1,682	840	840	0	5,572
Lincoln Co Hospital	15.5	840	669	372	372	0	2,253
Abilene Memorial Hospital	99.5	5,930	4,205	2,340	2,340	0	14,815
Osborne Co Mem Hospital	20.5	1,080	884	492	492	0	2,948
Ottawa Co Hospital	10.0	600	431	240	240	0	1,511
Various Health in Salina	593.5	40,805	25,253	14,052	14,052	0	94,162
Mitchell Co Hospital	42.5	2,417	1,811	828	828	0	5,884
Marysville Comm Mem Hosp	94.0	5,296	3,882	2,160	2,160	0	13,498
Smith Co Hospital	6.0	474	173	96	96	0	839
Washington Co Hospital	30.0	1,687	1,272	708	708	0	4,375
Cloud Co Health Ctr	106.0	5,841	4,507	1,932	1,932	0	14,212
Total	1,314.5	$81,121	$55,788	$30,024	$30,024	$0	$196,957
Community College: Coffeyville							
Red Cross	12.0	$312	$549	$0	$0	$156	$1,017
Total	12.0	$312	$549	$0	$0	$156	$1,017
Community College: Colby							
	0.0	$0	$0	$0	$0	$0	$0
Total	0.0	$0	$0	$0	$0	$0	$0
Community College: Cowley County							
Boeing	1,132.0	$30,564	$66,730	$26,796	$20,280	$0	$144,370
Heat & Air Contractor	36.0	972	2,122	432	432	0	3,958
WSTHC	235.0	6,345	14,086	120	120	0	20,671
Focus/CCDS Development	320.0	8,640	18,860	240	240	0	27,980
General Electric	738.5	19,936	45,527	1,416	1,416	0	68,295
Montgomery Elevator	5.5	149	324	0	0	0	473
Total	2,467.0	$66,605	$147,649	$29,004	$22,488	$0	$265,746
Community College: Dodge City							
Allied Health	141.0	$4,230	$8,310	$3,384	$3,384	$0	$19,308
Arrowhead West	86.0	2,580	5,069	192	192	0	8,033
Excel	18,082.0	603,320	1,065,753	17,040	17,040	0	1,703,153
National Beef	8,509.0	303,570	501,521	12,720	12,720	0	830,531
USDA	39.0	1,170	2,299	864	864	0	5,197
Western KS Manufacturing Corp	38.0	2,610	2,151	516	516	0	5,793
Total	26,895.0	$917,480	$1,585,103	$34,716	$34,716	$0	$2,572,015

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Company Name	Credit Hours	Student Tuition	Credit Hour State Aid	Out-District State Aid	Out-District Tuition	Other	Total Revenue
Community College: Fort Scott							
Western Resurces	9.0	$360	$398	$120	$96	$340	$1,314
Total	9.0	$360	$398	$120	$96	$340	$1,314
Community College: Garden City							
1st Nat'l Bk Syracuse	27.0	$945	$1,194	$648	$648	$0	$3,435
Sheriff & City Police USD 457,363	11.0	105	486	72	72	0	735
City of Garden City	4.5	158	199	0	0	0	356
Garden City County Govtmt	7.5	263	332	0	0	0	594
Total	50.0	$1,470	$2,211	$720	$720	$0	$5,121
Community College: Highland							
Advanced Computers Lawrence	8.0	$2,146	$3,152	$1,776	$1,776	$3,700	$12,550
Total	8.0	$2,146	$3,152	$1,776	$1,776	$3,700	$12,550
Community College: Hutchinson							
Gilliland & Hayes	40.0	$1,160	$2,320	$456	$432	$0	$4,368
Eaton Corp	136.0	3,944	7,888	72	72	4,760	16,736
DETAMC	13.0	351	377	0	0	0	728
Electricians' Union	198.0	4,950	11,385	3,168	3,168	0	22,671
Other classes to general public	197.5	unknown	unknown	unknown	unknown	unknown	unknown
Total	584.5	$10,405	$21,970	$3,696	$3,672	$4,760	$44,503
Community College: Independence							
Automotive Controls Corp	82.5	$2,063	$3,558	$252	$252	$825	$6,950
Emerson Electric Corp	9.5	238	259	24	24	95	639
Total	92.0	$2,300	$3,817	$276	$276	$920	$7,589
Community College: Johnson County							
	0.0	$0	$0	$0	$0	$0	$0
Total	0.0	$0	$0	$0	$0	$0	$0
Community College: Kansas City							
	0.0	$0	$0	$0	$0	$0	$0
Total	0.0	$0	$0	$0	$0	$0	$0
Community College: Labette County							
Parsons State Hospital	6.5	$254	$280	$12	$12	$0	$558
City of Parsons	16.5	644	712	0	0	0	1,355
KS Army Ammunition	19.0	769	798	216	216	0	1,998
Bagcraft Corp. Bax.Sprg	86.0	5,774	1,855	960	960	0	9,549
Spring Valley Nurs. Hm	9.5	453	345	192	192	0	1,182
Quaker Hill Manor	17.0	828	604	336	336	0	2,104
Medical Lodge Inc	20.5	828	863	456	456	0	2,602
Galena Manor	9.5	426	367	204	204	0	1,200
Chetopa Nursing Home	9.0	406	345	0	0	0	751
Baxter Springs Ambulance	5.0	195	216	108	108	0	627
Baker's Rest Home	10.0	500	345	192	192	0	1,229
Columbus Class Limited	36.5	1,471	1,574	444	444	0	3,933
Pittsburg Class Limited	6.5	254	280	144	144	0	822
Parsons Class Limited	4.0	156	173	36	36	0	401
Independence Class Limited	6.0	262	237	132	132	0	763
Cherokee Co Ambulance	16.0	1,053	690	360	360	0	2,463
Fire School	48.5	1,892	2,092	816	816	0	5,615
Elmhaven East Parsons	14.0	546	604	24	24	0	1,198
Arkhaven Nursing Home	10.0	418	410	0	0	0	827
City of Chetopa	3.5	137	151	12	12	0	311
City of Baxter	22.5	878	970	540	540	0	2,928
Elmhaven West Parsons	11.0	429	474	24	24	0	951
Total	387.0	$18,567	$14,384	$5,208	$5,208	$0	$43,367
Community College: Neosho County							
Tri Valley	32.0	$1,312	$1,380	$0	$0	$0	$2,692
Ottawa Transmission	30.0	1,200	1,373	720	720	0	4,013
Total	62.0	$2,512	$2,753	$720	$720	$0	$6,705

Company Name	Credit Hours	Student Tuition	Credit Hour State Aid	Out-District State Aid	Out-District Tuition	Other	Total Revenue
Community College: Pratt							
Peoples Bank	49.0	$1,323	$2,989	$960	$960	$0	$6,232
Arrowhead West	111.0	2,741	6,771	2,664	2,664	0	14,840
Cunningham H.S.	31.5	748	1,922	288	288	0	3,245
Collingwood Grain, et.al	13.0	240	793	312	312	0	1,657
Harper Hospital Dist. 5	25.0	675	1,525	600	600	0	3,400
KS Elect. Coop. Assn	20.0	369	1,221	480	480	0	2,550
Area Coops, Collingwood Grain	5.5	101	336	132	132	0	701
South Central KS Comm. Corr.	8.0	148	488	192	192	0	1,020
Cossell-Rader Ins., Shaeffer Mort.	4.5	122	275	60	60	0	516
Taco Delite, KS Rest., McDonalds	3.0	81	183	48	48	0	360
Eck Ins., Mac Herd Ins. Agency	2.5	68	153	96	96	0	412
Central KS Rwy, Attica School	11.5	212	702	276	276	0	1,466
Pratt Reg Med Cntr, Cross Mftr	10.0	185	610	240	240	0	1,275
Western Resources, Iuka Coop.	16.0	295	976	384	384	0	2,039
Total	310.5	$7,307	$18,943	$6,732	$6,732	$0	$39,713
Community College: Seward County							
American Management Assoc.	6.0	$222	$259	$0	$0	$0	$481
Lyddon Aero	8.0	416	345	0	0	0	761
ational Association of Corrosion Enginee	33.0	1,221	1,423	0	0	0	2,644
National Beef Packing	1,190.0	60,180	51,325	0	0	0	111,505
Petroleum Industry Ed.	14.3	887	473	0	0	0	1,360
Southwest Development Services Inc.	72.0	3,606	3,105	0	0	0	6,711
SW Med. Center	3.0	111	129	0	0	0	240
Dept of Social & Rehabilitation Services	10.0	370	0	0	0	0	370
Total	1,336.3	$67,013	$57,059	$0	$0	$0	$124,072
Total for all Colleges	34,057.8	$1,198,024	$1,936,152	$122,808	$116,244	$46,488	$3,419,715

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APPENDIX B

Detailed Information about the Sample of Business And Industry Classes We Reviewed

The table on the following page contains detailed information about the 28 classes we reviewed in-depth.

Community College	Class	Credit Hours Generated by This Class	Tuition and Fees Paid by Business / Students	Amounts Paid Per Credit Hour	Amounts Paid by College to Requesting Business					Positive (Negative) Cash Flow For College	Credit Hour State Aid	Combined Out-District Aid	Total Class Revenue
					Instructor	Rent	Instruction Materials	Other	Total				
Barton	Cathodic Protection System	97	13,249	137	3,745	0	0	0	3,745	9,504	4,132	4,368	21,749
Dodge City	HACCP	15	450	30	0	0	0	0	0	450	863	432	1,745
Dodge City	Intro to Developmental Disabilities	26	780	30	700	0	0	0	700	80	1,495	192	2,467
Dodge City	Excel - Comprehensive Industrial Training	88	2,640	30	1,400	2,165	0	475	4,040	*-1,400*	5,060	864	8,564
Dodge City	Excel - Training Orientation	96	2,880	30	2,800	2,592	0	288	5,680	*-2,800*	5,520	0	8,400
Dodge City	Using Humor to Juggle Your Life	31	3,615	117	0	0	0	0	0	3,615	1,783	780	6,178
Dodge City	Industrial Training	164	4,920	30	1,400	4,034	0	886	6,320	*-1,400*	9,430	384	14,734
Dodge City	National Beef - Training Orientation	150	6,300	42	2,100	5,156	0	1,144	8,400	*-2,100*	11,730	576	18,606
Hutchinson	Medication Provider	6	150	25	372	0	0	0	372	-222	345	288	783
Hutchinson	Windows	4	462	116	0	0	0	0	0	462	173	0	635
Hutchinson	Geometric Dimensioning	8	580	73	0	0	0	0	0	580	431	0	1,011
Hutchinson	Beginning Word Processing	7	780	111	0	0	0	0	0	780	403	216	1,399
Hutchinson	Basic Measuring Tools	15	1,160	77	0	0	0	0	0	1,160	863	0	2,023
Hutchinson	Blueprint Reading	24	1,856	77	0	0	0	0	0	1,856	1,380	0	3,236
Hutchinson	Program	198	4,950	25	4,092	7,986	0	0	12,078	*-7,128*	11,385	6,336	22,671
Pratt	Intro to Windows	4	108	27	0	0	0	0	0	108	244	0	352
Pratt	OSHA Training for Power Linemen	8	138	17	0	0	0	0	0	138	458	360	956
Pratt	Fundamental Life Skills	8	148	19	0	0	0	0	0	148	488	384	1,020
Pratt	CDL Training Seminar	13	240	18	0	0	0	0	0	240	793	624	1,657
Pratt	Food Safety	3	294	98	0	0	121	0	121	173	183	144	621
Pratt	Intro to Developmental Disabilities	30	554	18	0	0	0	0	0	554	1,830	1,440	3,824
Pratt	Intro to Internet	16	672	42	0	0	0	0	0	672	976	0	1,648
Seward	Leadership Skills for Managers	3	111	37	0	0	0	0	0	111	129	0	240
Seward	Fundamentals of Human Resources	6	222	37	0	0	0	0	0	222	259	0	481
Seward	Private Pilot Ground Training	8	416	52	0	0	0	0	0	416	345	0	761
Seward	Advance Rectifier Seminar	15	555	37	0	0	0	0	0	555	647	0	1,202
Seward	Intro to Developmental Disabilities	42	1,803	43	1,803	0	0	0	1,803	*0*	1,423	0	3,226
Seward	National Beef - Training Orientation	36	1,884	52	550	1,884	0	0	2,434	*-550*	518	96	2,498
	Total	1,121	$51,917	46	$18,962	$23,817	$121	$2,793	$45,693	$6,224	$63,286	$17,484	$132,687
Barton	1 class	97	13,249	137	3,745	0	0	0	3,745	9,504	4,132	4,368	21,749
Dodge City	7 classes	570	21,585	38	8,400	13,947	0	2,793	25,140	(3,555)	35,881	3,228	60,694
Hutchinson	7 classes	262	9,938	38	4,464	7,986	0	0	12,450	(2,512)	14,980	6,840	31,758
Pratt	7 classes	82	$2,154	26	$0	$0	$121	$0	$121	$2,033	$4,972	$2,952	$10,078
Seward	6 classes	110	4,991	45	2,353	1,884	0	0	4,237	754	3,321	96	8,408
	Total	1,121	$51,917	46	$18,962	$23,817	$121	$2,793	$45,693	$6,224	$63,286	$17,484	$132,687

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APPENDIX C

Agency Response

On July 20, 1998, we provided copies of the draft audit report to the Department of Education and the five community colleges that we visited. We carefully reviewed their responses and made minor clarifications. Their responses are contained in this appendix.

KSDE Kansas State Department of Education
120 S.E. 10th Avenue
Topeka, Kansas 66612-1182

July 30, 1998

Ms. Barbara Hinton
Legislative Post Auditor
Mercantile Bank Tower
800 Southwest Jackson Street, Suite 1200
Topeka, KS 66612-2212

Dear Ms. Hinton:

Thank you for the opportunity to provide comments, corrections, or clarifications to your draft of the audit report on *Reviewing Issues Related to Community Colleges' Customized Training Courses*. Agency staff members have reviewed the document, spoken with your staff, and our response to the recommendations is attached. It is understood that our response will be included in an appendix to your final report.

We were very impressed with the professional manner of the Post Audit staff. They were objective in their review and investigation of facts, genuinely interested in understanding issues and how community colleges and this program operate, and very personable.

If I may be of further assistance with this report, please let me know.

Sincerely,

Andy Tompkins
Commissioner of Education

Enclosure

(ct:response-pa-cvr)

Office of the Commissioner
785-296-3202 (phone)
785-291-3791 (fax)
785-296-6338 (TTY)
www.ksbe.state.ks.us

Kansas State Department of Education
Response to Recommendations Addressing the
the Department of Education
August, 1998

Recommendation #2 a: *"To ensure that these programs are being operated appropriately, the Department of Education should do the following:*

develop formal written policies and procedures that spell out what types of courses can be offered under this program, what types of financial arrangements are appropriate, and what requirements the colleges, companies, and instructors must meet. The Department should distribute that document to each community college, and should encourage college officials to contact Department officials whenever questions arise."

Response to #2 a: The Department of Education currently uses written procedures for the Business and Industry program, which was approved in 1989. To increase understanding of the purposes of the program, a policy statement will be written and procedures in support of the policy will be revised and submitted for approval. Community college representatives will have an opportunity to advise the department about the proposed, revised procedures. After approvals, the policy and procedure document will be distributed to each college, and meetings with college officials will occur to ensure understanding of the program and the process used for course approvals.

Recommendation #2 b: *"...conduct periodic reviews of each community college's Business and Industry program to ensure that those programs are being operated in compliance with the established policies and procedures."*

Response to #2 b: The Department of Education will conduct periodic reviews of a sample of colleges each year to ensure that programs are in compliance with approved policy and procedures.

Recommendation #3 a: *"To ensure that its approval process for customized training courses is efficient, consistent, and well documented, the Department should do the following:*

a. develop a checklist or other documentation to ensure that all necessary criteria for each course approval have been thoroughly evaluated."

Response to #3 a: A checklist and other appropriate documentation will be developed and utilized as internal mechanisms to ensure that each approval criterion has been met. These will be kept on file for a period consistent with other records retention procedures.

Recommendation #3 b: *"...institute an internal review process to ensure that Department staff have been consistent in their approval and disapproval of proposed courses."*

Response to #3 b: An internal review process to ensure consistency in respect to approval and disapproval will be developed and implemented.

Recommendation #3 c: *"...seek input from Department staff and community college officials to determine whether the course approval process is operating in an effective and efficient manner, and implement changes as necessary."*

Response to #3 c: Factors affecting efficiency and effectiveness are already under review and changes will be included in the revised policy and procedures for the program.

Recommendation #4: *"To ensure that community colleges comply with the Department's requirements relating to hiring teachers for customized training classes, the Department should notify all colleges that the instructors they use for customized training classes must be hired by and paid directly by the colleges."*

Response to #4: The issue in question relates to a part-time faculty member, who may also be an employee of the company. In particular, the employment relationship in respect to duties and responsibilities of this part-time instructor with the college must be clear. The Department agrees that the preferred method for employment of part-time faculty for customized training services is through use of a normal part-time faculty contract with payment for instructional services directly to the part-time faculty member. This method makes the employment relationship unquestionably clear.

However, in creating a partnership training agreement, the college and the company may consider and choose other alternatives that better meet the needs of the companies and their role in workforce development. In this situation, the Department believes that a written agreement should exist between the college and the company, and such agreement should state that the instructor of the course is subject to compliance with all applicable policies, rules, and regulations of the college, just like all other part-time faculty for the college.

(ct:response-pa)

DODGE CITY COMMUNITY COLLEGE
2501 North 14th Avenue • Dodge City, Kansas 67801-2399 • 316-225-1321
1-800-FOR-DCCC (1-800-367-3222) FAX: 316-225-0918

July 30, 1998

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Ms. Barbara J. Hinton
Legislative Post Auditor
Mercantile Bank Tower
800 Southwest Jackson Street, Suite 1200
Topeka, KS 66612-2212

Dear Ms. Hinton:

Thank you for the opportunity to review a draft copy of the performance audit, *Reviewing Issues Related to Community Colleges' Customized Employee Training Courses.* I talked with Joe Lawhon by telephone on Tuesday with some questions and comments. I indicated to him that I would be providing written comments.

Mr. Lawhon and Ms. Schmitt visited our campus in June. I appreciated their professionalism, their commitment to accuracy, and their sense of humor.

Comments pertaining to specific portions of the draft report follow.

Page 7, third paragraph. "As a result, the net cost to the companies was zero."

> **Comment.** The companies have significant costs related to the recruitment and employment of each worker. In addition, the companies have a large cost and investment in the training because they are paying employees regular wages during the time they are in the training. At an average wage of $8.75 an hour, during 1996-97 the two beef packing companies paid $65,363 to employees during their training for the four classes in the audit sample.

Page 10, third paragraph. "Making instructor payments to the company that requested the training, rather than to the employee that taught the class, violates a Department of Education requirement that calls for the instruction to be 'provided by the college directly, or through a contractual arrangement in which the college is fully responsible for the training provided, and hiring of instructors.' "

> **Comment.** I dispute the statement that a violation occurred because Dodge City Community College has contractual arrangements with the beef processing companies for instruction. Some relevant provisions of the agreement are the following: "The Sponsor shall select the instructors subject to final approval by the College. All instructors will have an

application for employment and a resume on file at the college. The College retains the right to approve and/or modify course content as specified in course syllabi and to make changes as necessary to meet state, regional, or federal certification or accreditation standards."

Page 12, second paragraph. "The Department has approved a number of customized training courses for credit hour aid that appeared to us to be little more than regular on-the-job training."

Comment. The phrase "regular on-the-job training" means different things to different people. It is not an accurate description or useful term to use in relationship to customized training. I do not believe a state agency can or should define for a company what skills its employees need or how the skills should be developed. The Mission Statement for Community Colleges approved by the Kansas State Board of Education in October 1986 has a sentence that reads, "The specific educational function of the community college system is to provide access to the following:." There are twelve statements. Three statements apply directly to workforce training and education.

"Courses, associate degree programs, certificates, and other vocational training to prepare students for jobs.

"Courses, associate degree programs, certificates, and other vocational-technical training to prepare students to update their job skills, to advance in their jobs, or to retrain in new job fields.

"Customized educational and training programs and courses to assist business and industry to train their employees in job-related skills."

Can/should a state agency attempt to define "job related skills" or "on-the-job training" for the aircraft industry? The banking industry? The computer industry? The trucking industry? The insurance industry? The beef processing industry? I do not think so.

Page 14, block at top of the page. "Some courses approved by the Department of Education for the Business and Industry Service Program may not be meeting the program's goal of providing customized technical or vocational training." The narrative refers to a course entitled "Enhancing Personal Relationships."

Comment. An alcoholism and drug abuse treatment center is not a factory or business, but the vocation of its employees is to help bring about change in behavior of its clients. The purpose of the course as stated on the Application for Course Approval reads, "This seminar demonstrates to the participants sensitive principles of communication with staff, parents and children who are frustrated and losing hope." In addition to the objective quoted in the block, there are three other objectives, which deal with competencies needed by treatment center

employees. The course illustrates the many different competencies needed by different kinds of workers.

The University of Kansas Institute for Public Policy and Business Research reports that Kansas workers' skills have not kept pace with job skill requirements, that development of a highly skilled workforce must continue to be a strategic objective for Kansas economic development, and that the business community and education system must commit to developing effective business education partnerships.

These training partnerships deliver VALUE:

Employees gain new skills and knowledge;
Companies remain competitive and profitable due to skilled, effective employees;
The State and County benefit from taxes paid by the companies and the employees;
The community benefits from the payroll dollars.

Our college is committed to working with the Legislature, State agencies, employers, and our local community to provide responsive, competent, cost-effective education and training that contributes to individual betterment and a healthy state economy. We appreciate the opportunity to be part of a process to continually improve our system of providing workforce training and education.

Sincerely,

Richard Drum

Richard Drum
President

SEWARD COUNTY COMMUNITY COLLEGE

OFFICE OF THE PRESIDENT
HOBBLE ACADEMIC BUILDING, 1801 N. KANSAS
PO BOX 1137, LIBERAL, KS 67905-1137
316-624-5678, FAX: 316-626-3058
Homepage—www.sccc.cc.ks.us

July 29, 1998

Barbara Hinton, Legislative Post-Auditor
Legislative Division Of Post-Audit
Mercantile Bank Tower
800 Southwest Jackson Street, Suite 1200
Topeka, KS. 66612-2212

Dear Barbara:

Just a quick note to acknowledge receipt of the draft copy of the completed performance audit report on "Customized Employee Training." Based upon an initial review of the draft copy, I do have a number of comments. These comments are presented in random fashion:

1. *Because of the magnitude of the credit hours generated by one institution, the comparison with other institutions is difficult and perhaps meaningless;*

2. *The concern raised about rental of facilities/equipment(1st paragraph, page 10) is questionable. If institutions cannot lease/rent equipment/facilities for training, then that specialized equipment/facilities will need to be purchased and/or constructed. Thus, one would assume that rental/lease of facilities/equipment is perhaps more cost-effective;*

3. *The statement(page 10, 3d paragraph) indicating that a Department of Education requirement that calls for instruction to be provided by the college "directly or through a contractual arrangement" was violated is questionable. It is my understanding that formal contracted arrangements were made between the College and Companies, specifying responsibilities of both parties. Is the Department of Education requirement too vague or broad?*

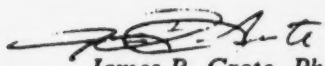
4. *With respect to the comment that Business and Industry courses are not transferable to four year colleges/universities, that is not the purpose of Business and Industry Training. By its nature and function, business and industry training is to develop and/or upgrade job skills; and,*

5. *The various tables should be reviewed for accuracy of mathematical calculations.*

I do concur with and feel the stated recommendations in the draft copy of the audit report make sense in light of the audit itself. The issue is not to eliminate customized job training, but to improve both the delivery and funding of such training, ensuring a competitive workforce for Kansas.

Barbara, I appreciate receiving the draft copy and having the opportunity of providing comments. If I can be of further help, please let me know.

Sincerely,



James R. Grote, Ph.D.
President

JRG/pmp

Committed to Student Success

Pratt Community College & Area Vocational School

348 NE S.R. 61, Pratt, KS 67124-8317
316-672-5641 or 1-800-794-3091

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July 28, 1998

Ms. Barbara J. Hinton
Legislative Post Auditor
Mercantile Bank Tower
800 Southwest Jackson Street, Suite 1200
Topeka, KS 66612-2212

Dear Ms. Hinton:

We have reviewed the draft performance audit "Reviewing Issues Related to Community Colleges' Customized Employee Training Courses" and believe it to be an accurate account of our program and the information we provided. The audit team was very professional and presented its findings and conclusions in an equitable manner. We have no corrections or suggested changes and plan to attend the August 25 meeting in Dodge City.

Sincerely,

William A. Wojciechowski, Ed.D.
President

C: Dr. Ed Kahler

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BARTON
COUNTY COMMUNITY COLLEGE

August 3, 1998

Ms. Barbara J. Hinton, Legislative Post Auditor
Legislative Division of Post Audit
Mercantile Bank Tower
800 Southwest Jackson Street, Suite 1200
Topeka, Kansas 66612-2212

Dear Ms. Hinton:

RE: Reviewing Issues Related to Community College's Customized Employee Training Courses

Thank you for the opportunity to review the Post Audit Committee's work. The report is thorough and accurately reflects the data and information pertaining to Barton County Community College and, to my knowledge, the State's business and industry approval process, as well as this institution's perception of that process.

In response to the report, I do wish to express two personal opinions regarding conclusions which others may draw from the report. Respectfully, I submit the following:

1) Businesses do have costs when they have participated in training such as cited at Dodge City Community College. These costs should be acknowledged by the report. Cost examples include lost wages and lost revenue opportunities. Any time a business has staff not performing the essential work functions of their position, that business will be expending dollars while their staff is in training. Additionally, the business will lose revenue opportunity while the staff member is "off-line" and unable to produce their "widget" which translates into fewer products to sell for revenue. These are real costs and cannot be ignored. Indirect costs to businesses engaged in training include lost production of an employee, should that individual be contracted to provide training for the college. Additionally, there are business costs to providing space, equipment, and utilities when training is provided on site at a business. I believe that the report unfairly treats and minimizes actual expenses and lost revenue a business engaged in training experiences.

2) Based on the report, some may well draw the conclusion that the State should be intimately involved in monitoring and determining when training is or is not needed, and should or should not to be fiscally supported. It is my impression that this would be a poor policy direction. A more appropriate policy decision is the determination of whether the State fiscally supports or does not support training. Attempting to determine if particular training is inservice or orientation and should/should not receive fiscal support will be difficult at best, disastrous at worst.

   In a practical way, contrast the meat packing example examined in the report with automotive training that the State's typical community college and technical school provides and for which they receive State funding support. The report highlights the notion that the meat packing companies would have provided inservice with or without the help of the college. The same could easily be said for any entry-level position within your average automotive dealership. Likewise, consider the fiscal support provided for pre-employment training in automotive skills (safety, basic vehicle maintenance and servicing, lab work to practice the classroom skills taught, etc.) within the standard automotive curriculum with the same entry level skills (safety, basic machine maintenance, operation and servicing, lab work for skills taught in the classroom, etc.) needed within the meat packing industry. Both require basic skills that allow the employee to be prepared for their tasks and both require fundamental

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pre-employment training for skill development. The end result of the training is a more highly skilled, more highly motivated employee who is able to more efficiently do his/her work in a safe manner. The practical example above can be applied to the technical and vocational curricula throughout the State.

Recently, I have read reports outlining Kansas' lack of a "business friendly environment." Community colleges and their role in workforce training and workforce development (which is precisely what has occurred at Dodge) are a critical component to a comprehensive state economic development and retention plan. The funding mechanism that appears to be called into question by the report is the only means that the colleges have to support business and industry training and partnerships. Wisdom in "if and how" this mechanism is altered is critical to the colleges and other's perception of the State's "business friendly environment."

Again, thank you for the opportunity to respond to the report. If Barton can assist in any way, please feel free to call on us.

Sincerely,

Veldon L. Law, Ed.D.
President

OFFICE OF THE PRESIDENT

July 31, 1998

Barbara J Hinton
Legislative Post Auditor
Mercantile Bank Tower
800 Southwest Jackson Street
Suite 1200
Topeka, Kansas 66612-2212

Dear Ms. Hinton:

Thank you for providing Hutchinson Community College the opportunity to review the draft of the post audit report. Hutchinson Community College has a practice of not paying rent to industries as an offset for tuition. The primary example that is cited in the report is something of an anomaly.

It is my understanding that prior to 1981 the state funded apprenticeship programs through community colleges. When that funding mechanism was eliminated the state recommended that the courses be taught for credit and the state reimbursement be used to fund the apprenticeship program. That system has been in place at Hutchinson Community College since approximately 1982. The Intermediate Journeyman's Training Program that was approved for Business Industry credit was seen, although it was only a one year program, as part of the Electricians program. As a part of that program HCC pays the instructor salary, $372.00 per credit hour and the base reimbursement from the early 1980's less 10 per cent.

The Apprenticeship program is unique in that it requires at least an Electrician Journeyman to teach the class. The expense of hiring a licensed journeyman to teach the class at the hourly rate of an electrician would probably surpass the negotiated rate of $372.00 a credit hour and that would be contingent on the unlikely possibility of finding a candidate for the position. The equipment, somewhat sophisticated and unique for this program, is rented by the College at a much lower rate than purchase price and annual upgrades would require. Additionally, the class is held in a Union facility.

This class is a licensure class that has requirements imposed by the Union. The College and State are supporting the program thus encouraging more tradesmen and the upgrade of existing tradesmen. It is certainly a less expensive process than hiring a full time instructor and owning equipment that is trade specific.

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The second course cited is one designed to address a safety concern of the agency. Hutchinson Community College has a policy of hiring the most qualified individual for positions. Often in the Business-Industry environment business and industry representatives and college officials jointly interview and select the instructor. If the individual selected is an employee of the business, or in this example an agency, it becomes an issue of whether the individual wants to take vacation or leave without pay to teach the class. Often it requires only two to three hours out of a day. Frequently the company is paid and the employee is then given either release time or the payment is used to offset the salary while the instruction is being given.

In 1996-1997 the negotiated salary for part time instructors was $372.00 per credit hour. That is what the agency was paid. There was no intention to use the part time salary for reimbursement of tuition and I would be very surprised, given the ethics of this agency, that it was used for this purpose.

The third item is the reference to the Learning Academy. The stated time frame for your audit was fiscal year 1997 which concluded June 30, 1997. The Learning Academy was not initiated until fiscal year 1998.

I share the concerns that the Audit group has illuminated, however each institution has different circumstances and constituencies. What is appropriate in one locale may not be appropriate in another. One point is clear, however, and that is the continued need for a trained work force in Kansas. It is the obligation for all of us to work as effectively and efficiently as possible to meet this need.

Sincerely,

Edward E. Berger
President

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